
HOUSE BILL No. 1402

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-19-4.8; IC 21-3-1.7.

Synopsis: School excessive levy referendum. Provides that voters within a school corporation may approve an excessive tax levy that is imposed for not more than seven years. Specifies that the levy may be reimposed or extended. Provides that the levy may not be considered in the determination of the school corporation's state tuition support or maximum general fund tax levy. Makes conforming amendments to the target revenue and target general fund property tax rate formulas.

Effective: July 1, 2002; January 1, 2003.

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January 15, 2002, read first time and referred to Committee on Education.

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Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

HOUSE BILL No. 1402

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-19-4.8 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2003]: **Sec. 4.8. (a) Notwithstanding any**
4 **other provision, the voters in a referendum under section 4.5(c) of**
5 **this chapter may approve an excessive tax levy that may be**
6 **imposed for not more than seven (7) years. The amount of revenue**
7 **generated annually by the excessive levy may not exceed an**
8 **amount equal to ten percent (10%) of the sum of a school**
9 **corporation's:**

10 (1) state tuition support distribution under IC 21-3-1.7-8;
11 (2) excise tax revenue (as defined in IC 21-3-1.7-2); and
12 (3) general fund levy under this chapter;
13 for the previous year. The excessive tax levy may be reimposed or
14 extended.

15 (b) A school corporation may not impose more than one (1)
16 excessive tax levy during the same seven (7) year period.

17 SECTION 2. IC 21-3-1.7-3.5 IS ADDED TO THE INDIANA



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CODE AS A NEW SECTION TO READ AS FOLLOWS
 [EFFECTIVE JULY 1, 2002]: **Sec. 3.5. As used in this chapter,**
"referendum amount" means the total amount of an excessive tax
levy imposed:

(1) after December 31, 2002;

(2) for the immediately preceding calendar year; and

(3) as the result of the passage of a referendum under
IC 6-1.1-19-4.5(c).

SECTION 3. IC 21-3-1.7-6.7, AS AMENDED BY P.L.291-2001,
 SECTION 93, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 JULY 1, 2002]: Sec. 6.7. (a) For each school corporation, the index
 used in subsection (b) is determined under the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of the
 following:

(1) Multiply the school corporation's at risk index determined
 under IC 21-3-1.8-1.1 by twenty-three hundredths (0.23) in
 2002 and twenty-five hundredths (0.25) in 2003.

(2) Divide the result under subdivision (1) by three thousand
 seven hundred thirty-six ten-thousandths (0.3736).

(3) Subtract three hundred sixty-four ten-thousandths (0.0364)
 in 2002 and three hundred ninety-five ten-thousandths
 (0.0395) in 2003 from the result under subdivision (2).

STEP TWO: Determine the greater of zero (0) or the result of the
 following:

(1) Multiply the percentage of the school corporation's
 students who were eligible for free lunches in the school year
 ending in 2001 by twenty-three hundredths (0.23) in 2002 and
 twenty-five hundredths (0.25) in 2003.

(2) Divide the result under subdivision (1) by seven hundred
 twenty-three thousandths (0.723).

STEP THREE: Determine the greater of zero (0) or the result of
 the following:

(1) Multiply the percentage of the school corporation's
 students who were classified as limited English proficient in
 the school year ending in 2000 by twenty-three hundredths
 (0.23) in 2002 and twenty-five hundredths (0.25) in 2003.

(2) Divide the result under subdivision (1) by one thousand
 seven hundred fifteen ten-thousandths (0.1715).

STEP FOUR: Determine the result of:

(1) the sum of the results in STEPS ONE through THREE;
 divided by

(2) three (3).

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STEP FIVE: Determine the result of one (1) plus the STEP FOUR result.

(b) A school corporation's target revenue per ADM for a calendar year is the result determined under STEP SIX of the following formula:

STEP ONE: Determine the result under clause (B) of the following formula:

(A) Determine the result of:

(i) four thousand four hundred forty dollars (\$4,440) in 2002 and four thousand five hundred sixty dollars (\$4,560) in 2003; multiplied by

(ii) the index determined for the school corporation under subsection (a).

(B) Multiply the clause (A) result by the school corporation's adjusted ADM for the current year.

STEP TWO: Divide:

(A) **the difference of** the school corporation's:

(i) previous year revenue; **minus**

(ii) **referendum amount**; by

(B) the school corporation's adjusted ADM for the previous year.

STEP THREE: Multiply the subsection (a) STEP FIVE result by the following:

(A) If the STEP TWO result is not more than:

(i) four thousand four hundred forty dollars (\$4,440) in 2002; and

(ii) four thousand five hundred sixty dollars (\$4,560) in 2003;

multiply by ninety dollars (\$90).

(B) If the STEP TWO result is:

(i) more than four thousand four hundred forty dollars (\$4,440) and not more than five thousand five hundred twenty-five dollars (\$5,525) in 2002; or

(ii) more than four thousand five hundred sixty dollars (\$4,560) and not more than five thousand eight hundred twenty-five dollars (\$5,825) in 2003;

multiply by the result under clause (C).

(C) Determine the result of:

(i) The STEP TWO result minus four thousand four hundred forty dollars (\$4,440) in 2002 and four thousand five hundred sixty dollars (\$4,560) in 2003.

(ii) Divide the item (i) result by one thousand eighty-five dollars (\$1,085) in 2002 and one thousand two hundred

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sixty-five dollars (\$1,265) in 2003.

(iii) Multiply the item (ii) result by forty dollars (\$40).

(iv) Subtract the item (iii) result from ninety dollars (\$90).

(D) If the STEP TWO result is more than:

(i) five thousand five hundred twenty-five dollars (\$5,525) in 2002; and

(ii) five thousand eight hundred twenty-five dollars (\$5,825) in 2003;

multiply by fifty dollars (\$50).

STEP FOUR: Add the STEP TWO result and the STEP THREE result.

STEP FIVE: Determine the greatest of the following:

(A) ~~Multiply~~ **The sum of:**

(i) the product of the STEP FOUR result **multiplied** by the school corporation's adjusted ADM for the current year; **plus**

(ii) the referendum amount.

(B) Multiply the school corporation's previous year revenue by one and two-hundredths (1.02).

(C) The **sum of the** STEP ONE amount **plus the referendum amount.**

STEP SIX: Divide the STEP FIVE amount by the school corporation's adjusted ADM for the current year.

SECTION 4. IC 21-3-1.7-6.8, AS AMENDED BY P.L.291-2001, SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6.8. A school corporation's target general fund property tax rate for purposes of IC 6-1.1-19-1.5 is the result determined under STEP THREE of the following formula:

STEP ONE: This STEP applies only if the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter minus the result determined in STEP ONE of the formula in section 6.7(b) of this chapter is greater than zero (0). Determine the result under clause (E) of the following formula:

(A) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

(B) Divide the clause (A) result by ten thousand (10,000).

(C) Determine the greater of the following:

(i) The clause (B) result.

(ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars and seventy-five cents (\$39.75) in 2003.

(D) Determine the result determined under item (ii) of the following formula:

(i) Subtract the result determined in STEP ONE of the

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formula in section 6.7(b) of this chapter from the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter.

(ii) Divide the item (i) result by the school corporation's current ADM.

(E) Divide the clause (D) result by the clause (C) result.

(F) Divide the clause (E) result by one hundred (100).

STEP TWO: This STEP applies only if the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter is equal to STEP ONE of the formula in section 6.7(b) of this chapter and the result of clause (A) is greater than zero (0). Determine the result under clause (G) of the following formula:

(A) Add the following:

(i) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

~~(ii) The original amount of any excessive tax levy the school corporation imposed as a result of the passage, during the preceding year, of a referendum under IC 6-1.1-19-4.5(c) for taxes first due and payable during the year.~~

~~(iii)~~ (ii) The portion of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

(B) Divide the clause (A) result by the school corporation's current ADM.

(C) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

(D) Divide the clause (C) result by ten thousand (10,000).

(E) Determine the greater of the following:

(i) The clause (D) result.

(ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars and seventy-five cents (\$39.75) in 2003.

(F) Divide the clause (B) result by the clause (E) amount.

(G) Divide the clause (F) result by one hundred (100).

STEP THREE: Determine the sum of:

(A) ninety-one and eight-tenths cents (\$0.918) in 2002; and

(B) ninety-five and eight-tenths cents (\$0.958) in 2003; and

if applicable, the STEP ONE or STEP TWO result.

SECTION 5. IC 21-3-1.7-8, AS AMENDED BY P.L.291-2001, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2002]: Sec. 8. Notwithstanding IC 21-3-1.6 and subject to section 9 of this chapter, the state distribution for a calendar year for tuition support for basic programs for each school corporation equals the result determined using the following formula:

STEP ONE:

(A) For a school corporation not described in clause (B), determine the school corporation's result under STEP FIVE of section 6.7(b) of this chapter for the calendar year.

(B) For a school corporation that has target revenue per adjusted ADM for a calendar year that is equal to the amount under STEP ONE (A) of section 6.7(b) of this chapter, determine the sum of:

(i) the school corporation's result under STEP ONE of section 6.7(b) of this chapter for the calendar year; plus

~~(ii) the amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years; plus~~

~~(iii)~~ (ii) the original amount of an excessive tax levy the school corporation imposed as a result of the passage, during the preceding year, of a referendum under IC 6-1.1-19-4.5(c) for taxes first due and payable during the year; plus

(iv) the part of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

STEP TWO: Determine the remainder of:

(A) the STEP ONE amount; minus

(B) the sum of:

(i) the school corporation's tuition support levy; plus

(ii) the school corporation's excise tax revenue for the year that precedes the current year by one (1) year.

If the state tuition support determined for a school corporation under this section is negative, the school corporation is not entitled to any state tuition support. In addition, the school corporation's maximum general fund levy under IC 6-1.1-19-1.5 shall be reduced by the amount of the negative result.

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